



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

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June 14, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Budget Conference Committee

The Conference Committee did not meet yesterday, and it is scheduled to reconvene upon the call of the Chair. At this time, it seems unlikely that the Conference Committee will complete its work in time to meet the Constitutional deadline of June 15th to pass a budget.

While the Conference Committee's work is not finished, based on our preliminary review of actions taken through June 12, 2007, we estimate that the impact on the County will be reduced from a projected loss of \$42.9 million in the Governor's May Revision to an estimated loss of \$26.5 million. The variance from the May Revision is primarily attributed to the Conference Committee's actions to restore \$17.0 million for the Integrated Services for Homeless Adults with Serious Mental Health Illness (AB 2034 Program), and the approval of a \$3.8 million augmentation for the Proposition 36 Offender Treatment Program. In addition, the Conference Committee approved a five percent provider rate increase for foster and group homes which would result in unavoidable cost increases for the County, and the loss of \$3.4 million from the elimination of all program funding for the Mentally Ill Crime Offender Treatment Program. Attached is a chart that provides a breakdown of the estimated impact by program.

The following items of interest to the County remain open:

- Transfer of Juvenile Justice Population to Counties. As indicated in our June 8, 2007 Sacramento Update, the County supports the Governor's proposal in concept, since it focuses on retaining youth with lesser offenses at the local level where they can benefit from County programs and community support networks. However, the County has identified significant concerns which need to be addressed in the development of the Legislative package. Please refer to the next section on the "Pursuit of County Position on a Budget Item" for additional information on this issue.
- Public Transportation Account Shift. The County supports the Senate recommendation to reject the Governor's Budget proposal to shift \$1.3 billion in General Funds to the Public Transportation Account.
- Proposition 42 Spillover Revenue. The County opposes the Assembly proposal to add "spillover" sales taxes to Proposition 42 revenues and change the distribution formula among the State Transportation Improvement Program, cities, counties, and transit beginning in FY 2008-09.
- Public Library Fund augmentation. The County supports the Senate proposal for a \$2.0 million Statewide augmentation for this program.
- Proposition 1C - Transfer Funding to Parks. The County supports the Senate proposal to transfer funding responsibility from the State Department of Housing and Community Development to the State Department of Parks.

Pursuit of County Position on a Budget Item

Alternative Juvenile Justice Realignment Proposal

On Tuesday June 12, 2007, the California State Association of Counties provided our Sacramento advocates with a copy of Senator Machado's alternative proposal for juvenile justice realignment. We believe that the proposal includes most of the provisions of a plan under development by staff of the Speaker and the President Pro Tem with the addition by Senator Machado of a Commission to oversee, analyze and allocate State funds related to local juvenile justice programs. As the alternative proposal is partly conceptual in approach, it is not clear whether any parts of the Governor's original proposal were included in the Senator's initiative.

The purpose of the proposal is to provide a comprehensive program of reform with statewide standards that are applied uniformly across counties that can lead to effective rehabilitation of youthful offenders, reduce recidivism, and decrease transition to adult facilities.

The proposal includes the following points:

- Ceasing intake of non-707(b) offenders on July 1, 2007;
- Providing a block grant of \$117,000 annually per ward;
- Utilizing lease revenue bonds for local facilities with a required local match;
- Creating a "Juvenile Commission" that would consist of county representation, and members from the state juvenile justice community; and
- At the end of a two year period, allowing counties to: (1) opt-out of the realignment; or (2) continue with the program and adopt the tools and programs identified by and developed by the Juvenile Commission. Also, counties that resume sending non-707(b) offenders to the State would be subject to full cost reimbursement for State detention.

The Probation Department generally supports the concept of the retention of the non-707(b) offenders; however, the Department indicates that the July 1, 2007, implementation date does not provide adequate time to properly prepare for the new population. The Department recommends a 60 to 90 day delay in implementation.

The Department is encouraged by movement in the amount of the block grant from \$94,000 to \$117,000; however, this is less than the range of \$130,000 to \$150,000 which is specified in your Board's June 8, 2007 letter to Governor Schwarzenegger, the State Legislative Leaders and the Budget Conference Committee. The proposal also does not meet the County's request for a dedicated revenue source.

The Probation Department supports the concept of using bond funding to build additional juvenile facilities though it is not supportive of a county matching requirement.

With regard to the role of the Commission, our Sacramento advocates advise that CPOC voted to support in concept the formation of an independent commission comprised of key State and county representatives provided that the Commission does not report to the Department of Corrections and Rehabilitation. The concept of an independent commission is consistent with the Board's June 8, 2007 letter recommending a joint State-county implementation team.

The Department also supports development of validated assessment tools and evidenced based programs. However, the Department indicates that it is important to retain local control over the operation of County programs. Tools should be validated from the perspective of the community where they will be applied and evidence based programs developed at the local level. The Department believes the proper role of the Commission would be to verify the effectiveness of local programs rather than to set standards.

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The Probation Department supports the concept of an opt-out option but the option should not be limited to a one-time opportunity after two years. Counties should have the maximum flexibility to assess financial viability at different points in time. In addition, the Department believes that requiring counties exercising the opt-out option to fully reimburse the State for the costs of detention in a State facility is excessive. The maintenance of the current scale of payments adjusted for inflation would be more appropriate.

The concept of Senator Machado's proposal to reform juvenile justice including the formation of a "Juvenile Commission" is consistent with prior Board actions to support the return of juvenile offenders from the State as long as adequate fiscal protection is available. However, the alternative proposal lacks certain details, and as such, the impact of a number of provisions on the County is unclear. In addition, your Board's concerns related to adequate funding, transitional and start up costs, protection from cost shifting, late payments, and funding for educational programs as indicated in the three five-signature letters sent by your Board, are not addressed. **Therefore, our Sacramento advocates will continue to support the concept of retaining non-707(b) juvenile offenders in the community and advocate for your Board's remaining concerns.**

We will continue to keep you advised.

DEJ:GK/DL
MAL:DD:MR:SK:hg

Attachment

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities

**ESTIMATED IMPACT TO LOS ANGELES COUNTY
FROM THE GOVERNOR'S FY 2007-08 PROPOSED BUDGET**
(In Millions)

	January Budget	May Revision	Conference Committee (Thru 6-12-07)
<u>Reductions / Unfunded Programs :</u>			
Integrated Services for Homeless Adults with Serious Mental Illness Program	(17.0)	(17.0)	0.0 ⁽¹⁾
Substance Abuse Crime Prevention Act Program (Proposition 36)	(7.0)	(7.0)	3.8 ⁽²⁾
February 2008 Presidential Primary Election	(20.0)	(20.0)	(20.0) ⁽³⁾
Property Tax Administration Program	(13.5)	(13.5)	(13.5) ⁽⁴⁾
Mentally Ill Offender Crime Reduction (MIOCR) Program	0.0	0.0	(3.4) ⁽⁵⁾
Williamson Act Program Reduction	0.0	(0.04)	(0.04) ⁽⁶⁾
	\$ (57.5)	\$ (57.5)	\$ (33.1)
<u>Unavoidable Costs :</u>			
State-approved Foster Care Provider Rate Increase	0.0	0.0	(4.7) ⁽⁷⁾
<u>Augmentations / Restorations :</u>			
Health Care Workforce Development	5.7	5.7	5.7
California Adult Probation Accountability & Rehabilitation Act Program	13.8	6.9	? ⁽⁸⁾
LEADER System Replacement	2.0	2.0	2.0
Transfer of Juvenile Justice Population to Counties	?	?	? ⁽⁹⁾
Adult Protective Services Program Augmentation	0.0	0.0	3.1 ⁽¹⁰⁾
High Risk Pest Exclusion Program Augmentation	0.0	0.0	0.5 ⁽¹¹⁾
Public Library Fund Augmentation	0.0	0.0	0.0 ⁽¹²⁾
Transitional Housing Plus Program Augmentation	0.0	0.0	? ⁽¹³⁾
	\$ 21.5	\$ 14.6	\$ 11.3
Estimated Net Impact	\$ (36.0)	\$ (42.9)	\$ (26.5)

Notes:

- (1) The Conference Committee approved the Senate proposal to fully restore \$54.9 million Statewide for the AB 2034 Program.
- (2) The Conference Committee approved the Senate proposal to restore Prop. 36 funding and augment the Offender Treatment Program by \$15 million.
- (3) Reflects the estimated cost for the County to conduct the February 2008 Presidential Primary Election. While the May Revision indicates the Administration's intent to provide reimbursement in FY 2008-09, the County will have to fund the election in FY 2007-08.
- (4) PTAP was suspended as part of the 2005 Budget Act with the understanding that it would be reinstated in FY 2007-08. The program was not restored in any of the State Budget proposals.
- (5) The Conference Committee voted to eliminate funding for the MIOCR Program in FY 2007-08. Impact to the County reflects reductions to the Sheriff, Probation and DMH.
- (6) Reflects impact as a result of the May Revision proposal to eliminate funding for the Williamson Act subsidies to counties.
- (7) Estimate reflects only a 6-month impact on the County as the rate will be effective 1/1/08. Annualized impact is \$9.3 million. The Conference Committee approved a proposal to increase provider rates by 5% for foster and group homes (foster family agencies were excluded). Under the proposed Title IV-E Waiver, the County is responsible for covering the cost of the County and Federal portions of the rate increase.
- (8) The May Revision included \$25 million for the new CAPARA Program; however, BCC only approved \$20 million for a 4-county pilot program. It is not known if LA is a pilot.
- (9) The Administration, Committee members, and others are in discussions/negotiations to finalize the legislative proposal for the Juvenile Justice Initiative.
- (10) The Conference Committee approved the Assembly proposal to augment the APS Program by \$12 million Statewide.
- (11) The Conference Committee approved a proposal to augment the HRPE Program by \$1.5M for agriculture commissioners and \$700K for border inspections.
- (12) The Conference Committee is considering an Assembly proposal to augment the Public Library Fund by \$2.0 million Statewide.
- (13) The Conference Committee approved the Senate proposal to augment the THP+ Program by \$19.7 million. The County's allocation is unknown at this time.

This table represents the estimated loss/gain of State funds based upon the Governor's Proposed Budget, May Revision, and Conference Committee proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.